



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

January 19, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17 JANUARY 19, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
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MICHAEL D. ANTONOVICH
Fifth District

EXERCISE OF FIVE-YEAR OPTION TO RENEW LEASE NO. 71808 DEPARTMENT OF PUBLIC SOCIAL SERVICES 3435 WILSHIRE BOULEVARD, LOS ANGELES (SECOND DISTRICT) (3 VOTES)

SUBJECT

The proposed exercise of the option to renew the lease for an additional five years will provide the Department of Public Social Services (DPSS) continued use of 65,871 rentable square feet of office space for the Finance and Human Resources Divisions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease renewal is categorically exempt from the California Environmental Quality Act pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Exercise the option to renew the lease for an additional five years with Equitable Plaza, LLC (Lessor). The proposed lease renewal will provide the Department of Public Social Services continued use of 65,871 rentable square feet of office space and 252 structured parking spaces at the maximum first year annual rent of \$1,185,103. The lease renewal will be effective upon approval by your Board and the new term will commence upon expiration of the existing term. The annual lease costs are 91 percent funded by State and Federal subvention and 9 percent net County cost.

"To Enrich Lives Through Effective And Caring Service"

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DPSS has occupied the leased premises since February 1, 2000. DPSS houses three major sections with a staff of 367 at the facility. The sections consist of the Human Resources Division, Fiscal Operations Section, and Special Operations Section.

The Human Resources Division, housed on the second, sixth, and a portion of the eighth floors, consists of the Central Staff unit which provides civil service liaison, personnel policy, and internal affairs services. The Central Technical unit processes payroll, and Central Line Operations maintains employee personnel records for centralized hiring, promotions, and related services.

The Special Operations Section, housed on the remainder of the eighth floor, is comprised of the Child Support, Interim Assistance, Child Care/Supportive Services, Document Procurement, and Vendor Payment units. These units are responsible for vendor payments to homeless services providers, the recovery of General Relief funds pending Supplemental Security Income approval, audits for the Child Support Services Department, and the reconciliation of services rendered to participants for alternative payment providers.

The Fiscal Operations Section, housed on the 26th floor, is the principal liaison to the General Accounting Office, the Office of Management and Budget, the Treasury, and other state and federal agencies. This section is responsible for certifying, processing, and reconciling all DPSS transactions, preparing annual financial statements, coordinating external audits, establishing financial management policies and procedures, monitoring financial management systems and performance management, and ensuring compliance with applicable laws and regulations.

The DPSS space request was approved for 75,526 square feet and 307 parking spaces. Because of current budget constraints, DPSS can afford only to maintain a lease at the existing facility under the same terms, conditions and rental rate rather than moving to a new location. Currently, the lease provides 252 structured parking spaces and an additional 15 parking spaces are leased under a separate administrative lease agreement. The County will make its best effort to lease an additional 40 parking spaces to meet the parking need.

Implementation of Strategic Plan Goals

In compliance with the Strategic Plan, Goal 2, Strategy 3, Cost Avoidance, DPSS will avoid increased cost through administrative efficiency and management by maintaining occupancy in the facility under the same terms, conditions, and rental rate as provided in the existing lease, and will allow DPSS to continue to provide finance and human resources administrative services from the subject facility. These State and Federal funded programs are also in compliance with Goal 1, Strategy 1, Fiscal Sustainability, by promoting sound, prudent and transparent fiscal policies and practices to help ensure the maintenance of critical, high-priority public services despite economic conditions as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease renewal will provide uninterrupted use of 65,871 rentable square feet of office space and 252 structured parking spaces at the maximum first year annual rent of \$1,185,103. The terms, conditions, and rental rate will remain the same as provided in the existing lease.

3435 Wilshire Boulevard	Existing Lease	Proposed Lease Renewal	Difference
Area (Square feet)	65,871	65,871	None
Term	Ten years (2/2/00-1/31/10)	Five years (2/1/10-1/31/15)	+ Five years
Options to Renew	One five-year option to renew the lease	None	- Option to renew
Annual Rent	\$1,185,103 (\$18.00/sq.ft.) full service gross	\$1,185,103 (\$18.00/sq.ft.) full service gross	None
Parking (included in rent)	252 structured off-street spaces	252 structured off-street spaces	None
Cancellation	After five years upon 120 days notice	At any time upon 120 days notice	- Five years
Rental Adjustments	Annual Consumer Price Index (CPI) capped at 4 percent	Annual CPI capped at 4 percent	None
Holdover	Same terms and conditions at prevailing rental rate	Same terms and conditions at prevailing rental rate	None

Sufficient funding for the proposed exercise of the option to renew the lease is included in the 2009-10 Rent Expense budget and will be billed back to DPSS. Sufficient funding is available in the 2009-10 DPSS budget to cover the projected lease costs. The cost associated with the proposed lease renewal will be 91 percent funded by State and Federal subvention and 9 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed exercise of the option to renew the lease will extend the term five years and continue to provide DPSS 65,871 rentable square feet of office space and 252 structured parking spaces under the following terms and conditions:

- The term will commence on February 1, 2010, upon expiration of the existing lease term on January 31, 2010;
- The annual rent of \$1,185,103 will continue subject to annual CPI adjustment not to exceed 4 percent of the first year rent;
- The Lessee will have the right to cancel the lease at any time during the extended term upon 120 days prior written notice;
- The Lessor will remain responsible for all other costs associated with this full service lease.

This office conducted a survey of the area to determine the availability of comparable and more economical sites. Chief Executive Office (CEO) Real Estate staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Staff has established that the rental range for similar office space is between \$18 and \$23 per square foot per year plus parking. Thus, the base annual rental rate of \$18 including parking for the proposed exercise of the option to renew the lease represents the lower range of the market for the area.

Attachment B shows County-owned and leased facilities within a ten mile area. There are no suitable County-owned or leased facilities available for these programs in the search area.

The Department of Public Works has completed a seismic review of the facility and found it suitable for the County's continued occupancy. In addition, the building is in close proximity to public transportation routes and Americans with Disabilities Act accessible.

Notices have been sent to the City of Los Angeles pursuant to Government Code Sections 65402 and 25351. The City has not objected to the proposed lease.

A childcare facility at this location is not feasible.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

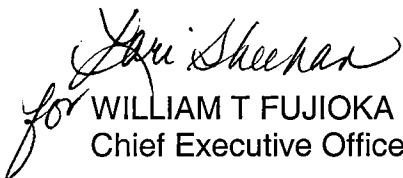
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CEO that the proposed lease renewal will allow DPSS to continue to utilize the subject facility. DPSS concurs with this recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two certified copies of the Minute Order and adopted stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,


for WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:MM:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Department of Public Social Services

DEPARTMENT OF PUBLIC SOCIAL SERVICES
3435 WILSHIRE BOULEVARD, LOS ANGELES

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²	X		
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? Costs are offset 91% by subvention funding and 9% NCC.		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? The proposed building is available at a competitive market rate and provides the co-location of existing departmental programs and functions.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. X The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				

**SPACE SEARCH
TEN MILE RADIUS OF THE LOS ANGELES CIVIC CENTER
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	PROPRIETOR	SQUARE GROSS	FEET NET	AVAILABLE SPACE NET SQ.FT.
A481	DPSS-GLENDALE FAMILY SERVICE CENTER	4680 SAN FERNANDO RD, GLENDALE 91204	LEASED	PUBLIC SOCIAL SERVICES	80000	70420	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	FINANCED	CHIEF EXECUTIVE OFFICE	193054	126899	NONE
A426	DCFS PASADENA OFFICE	532 E COLORADO BLVD, PASADENA 91101	LEASED	DC&FS-ADMINISTRATION	75235	70721	NONE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	FINANCED	PUBLIC WORKS- FLOOD CONTROL DISTRICT	43500	36975	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	LEASED	SHERIFF-GENERAL SUPPORT SERVICES	194140	165995	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	FINANCED	PUBLIC WORKS- FLOOD CONTROL DISTRICT	536168	363876	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	FINANCED	CHIEF EXECUTIVE OFFICE	99123	65494	NONE
5421	BEVERLY HILLS COURTHOUSE	9355 BURTON WAY, BEVERLY HILLS 90210	OWNED	CHIEF EXECUTIVE OFFICE	69962	47608	NONE
A408	DCFS BORAX OFFICE	3075 WILSHIRE BLVD, LOS ANGELES 90010	LEASED	DC&FS-ADMINISTRATION	132488	105568	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	LEASED	HUMAN RESOURCES	84058	72804	NONE
A425	DCFS HEADQUARTERS OFFICE	425 SHATTO PL, LOS ANGELES 90020	LEASED	DC&FS-ADMINISTRATION	81912	77816	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	OWNED	MENTAL HEALTH	171651	149668	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	LEASED	PH-OFFICE OF AIDS PROGRAMS & POLICY	246536	203753	6810
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	OWNED	PUBLIC SOCIAL SERVICES	115242	89650	NONE
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	OWNED	PUBLIC SOCIAL SERVICES	215439	183874	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	FINANCED	CHIEF EXECUTIVE OFFICE	213159	136422	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	OWNED	CHIEF EXECUTIVE OFFICE	668096	489254	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	OWNED	BOARD OF SUPERVISORS	958090	592835	3868
5456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	OWNED	HS-ADMINISTRATION	221359	134851	NONE
5456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	OWNED	HS-ADMINISTRATION	221359	134851	NONE
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	LEASED	DA-ADMINISTRATION	87810	83420	NONE
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL ST, LOS ANGELES 90012	LEASED	CHIEF EXECUTIVE OFFICE	92715	83355	NONE
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	OWNED	DA-ADMINISTRATION	438095	258537	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	OWNED	CHIEF EXECUTIVE OFFICE	683388	516275	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET ST, LOS ANGELES 90012	FINANCED	CHIEF EXECUTIVE OFFICE	65494	46440	NONE
3102	JUVENILE HALL-ADMINISTRATION BUILDING-4	1605 EASTLAKE AVE, LOS ANGELES 90033	OWNED	PROBATION-DETENTION	75907	33945	NONE
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	OWNED	HS-LA COUNTY-USC MEDICAL CENTER	142448	79494	NONE
X201	EDMUND D EDELMAN CHILDRENS COURT	201 CENTRE PLAZA DR, MONTEREY PARK 91754	FINANCED	CHIEF EXECUTIVE OFFICE	258426	205280	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	OWNED	ISD-ADMINISTRATION & FINANCE SERVICE	80309	58826	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754	FINANCED	SHERIFF-ADMINISTRATION	125000	106250	NONE
3241	EAST LOS ANGELES COURTHOUSE	4848 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	FINANCED	CHIEF EXECUTIVE OFFICE	93285	68003	NONE
A275	COMMUNITY DEVELOPMENT COMMISSION HEADQUARTERS	2 CORAL CIR, MONTEREY PARK 91755	LEASED	COMMUNITY DEVELOPMENT COMMISSION	67500	60750	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	LEASED	PUBLIC SOCIAL SERVICES	83672	79488	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE, LOS ANGELES 90037	LEASED	PUBLIC SOCIAL SERVICES	255022	221000	NONE
A133	CHILD SUPPORT SERVICES-DIVISION II HQ	5770 S EASTERN AVE, CITY OF COMMERCE 90040-2924	LEASED	CHILD SUPPORT SERVICES	84477	63413	NONE
A188	SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGMT	4900 S EASTERN AVE, CITY OF COMMERCE 90040	LEASED	SHERIFF-GENERAL SUPPORT SERVICES	116808	99741	NONE
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	OWNED	PUBLIC SOCIAL SERVICES	70493	49261	NONE
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	OWNED	HS-ADMINISTRATION	268400	246550	NONE
6330	INGLEWOOD COURTHOUSE	1 E REGENT ST, INGLEWOOD 90301	OWNED	CHIEF EXECUTIVE OFFICE	140673	89483	NONE
A614	DPSS-SOUTHWEST SPEC DIST (VERMONT VILLAGE)	1819 W 120TH BLVD, LOS ANGELES 90047-5102	LEASED	PUBLIC SOCIAL SERVICES	88546	84119	NONE
A643	SOUTH L.A. COUNTY ADMINISTRATION BUILDING	8300 S VERMONT AVE, LOS ANGELES 90044	LEASED	DC&FS-ADMINISTRATION	210000	195500	NONE
A551	DPSS-WFP&I & SOUTH REG IV IHSS/ADULT SERVICES	12000 HAWTHORNE BLVD, HAWTHORNE 90250	LEASED	PUBLIC SOCIAL SERVICES	132996	106397	NONE